

BUDGET DISCUSSION ITEMS

Expense:

- ✓ 5% across the board cut on all GF subsidy funds except those under contract. (1/24/11: *Item tabled*)
- ✓ Cut the Journey \$200,000 (1/24/11: *Motion to request the Journey Museum to provide information on endowment development and additional fund raising efforts in conjunction with the FY 2012 budget process*)
- ✓ Cell phones (1/24/11: *Acknowledge renegotiated contract and resulting monthly savings of \$4,800.*)
- ✓ Across the board cuts (1/24/11: *Acknowledge item*)
- ✓ Department directors will bring forward a 5% cut listed in priority order (1/24/11: *Department directors to provide prioritized spending contingency plan in conjunction with FY 2012 budget process*)
- ✓ Energy costs – Electricity, Natural Gas, Gasoline – Look at 2010 actuals - did we over budget for 2011? (1/24/11: *Acknowledge item*)
- ✓ Similar format of the Lehe report to see if there are ways to save money in other places (2/28/11: *Motion to request Mayor to direct staff to research consulting firms for the purpose of preparing a Lehe Study style report on the City Attorney's Office and the Public Works Department; recommendation to continue with an annual review of 1-2 City departments*)
- ✓ Minimize spending w/ minimal loss to maximize services (2/28/11: *Acknowledged item*)
- ✓ Reduce spending (2/28/11: *recommendation for a council retreat with outside consultant to provide presentation on budget process; schedule retreat to allow individuals running for election to attend*)
- ✓ Department director to bring information on items on the list and the long term effect on the citizens (2/28/11: *Item acknowledged*)
- ✓ Are you looking to reduce \$\$ to just reduce \$\$? (2/28/11: *Acknowledged item*)
- ✓ All Subsidies – Jordan Mason (2/28/11: *Motion to require spreadsheet identifying subsidies to be included in budget presentation; spreadsheet to identify the % of support to full budget for city and individual subsidies*)
- ✓ Energy costs (2/28/11: *Acknowledged item*)
- ✓ Hiring moratorium (2/28/11: *establish a subcommittee to outline council budget recommendations for presentation to the Mayor*)
- ✓ Mayor's Office snack food – Bonny Petersen (2/28/11: *Acknowledged item*)
- ✓ Place moratorium on Council salaries for FY 2011 with funds being allocated to the Council Contingency line item – Dave Davis (2/28/11: *Acknowledged item; suggestion for subcommittee to survey council compensation for similar size cities*)

Operation:

- ✓ Across the board cuts (1/24/11: *Acknowledge item; 2/28/11: establish a subcommittee to outline council budget recommendations for presentation to the Mayor*)
- ✓ Similar format of the Lehe report to see if there are ways to save money in other places (2/28/11: *Motion to request Mayor to direct staff to research consulting firms for the purpose of preparing a Lehe Study style report on the City Attorney's Office and the Public Works Department; recommendation to continue with an annual review of 1-2 City departments*)
- ✓ Operations of Growth Management (2/28/11: *Second Floor Review Committee responsible for review of the Growth Management operations*)

- ✓ Communication (2/28/11: *Acknowledged item*)
- ✓ Minimize spending w/ minimal loss to maximize services (2/28/11: *Acknowledged item*)
- ✓ Reduce government (2/28/11: *Kooiker to provide council with information on performance based budgeting; Hadcock suggested*)
- ✓ Establish internal controls (2/28/11: *Mason to provide presentation at the next Public Works Committee meeting on the internal audit procedure he has been researching*)
- ✓ Undesignated cash – are you just looking for a better definition? (2/28/11: *recommendation for a council retreat with outside consultant to provide presentation on budget process; schedule retreat to allow individuals running for election to attend*)
- ✓ Where is the break between policymaking and micromanaging? (3/28/11 *no discussion*)
- ✓ Operational restructuring – Jordan Mason (3/28/11 *item addressed in previous discussions*)
- ✓ Establish an on-going fund for the upgrade and maintenance of all city facilities- Jordan Mason (*continued to April 25, 2011 meeting*)
- ✓ City Attorney's Office (*continued to April 25, 2011 meeting*)
- ✓ Restructure of garbage billing to encourage recycling (3/28/11: *referred to Solid Waste Committee with recommendation to be provided to Pubic Works Committee in 90 days*)
- ✓ Use of enterprise funds by other city departments (3/28/11 *encourage networking between city departments*)

Administration:

- ✓ Energy costs – Electricity, Natural Gas, Gasoline – Look at 2010 actuals - did we over budget for 2011? (1/24/11: *Acknowledge item*)
- ✓ Separate line item for hiring outside legal counsel/utilization of outside counsel (3/28/11 *motion to broaden the 2/28/11 action by directing the Mayor to research consulting firms for the purpose of providing Lehe type reports on all city Departments on an annual basis with review order determined at the Mayor's discretion*)
- ✓ Similar format of the Lehe report to see if there are ways to save money in other places (2/28/11: *Motion carried to request Mayor to direct staff to research consulting firms for the purpose of preparing a Lehe Study style report on the City Attorney's Office and the Public Works Department; recommendation is to continue with an annual review of 1-2 City departments*)
- ✓ Communication (2/28/11: *Acknowledged item*)
- ✓ Minimize spending w/ minimal loss to maximize services (2/28/11: *Acknowledged item*)
- ✓ Reduce government (2/28/11: *Kooiker to provide council with information on performance based budgeting; Hadcock suggested*)
- ✓ Establish internal controls (2/28/11: *Mason indicated that he would provide a presentation at the next Public Works Committee meeting on the internal audit procedure he has been researching*)
- ✓ Do you have an overall problem with the budget presented by the Mayor? (3/28/11 *monthly meetings are beneficial; council encouraged to provide requests for information prior to meetings to allow staff to research and provide requested information*)
- ✓ Are you looking to reduce \$\$ to just reduce \$\$? (2/28/11: *Acknowledged item*)
- ✓ Undesignated cash – are you just looking for a better definition? (2/28/11: *recommendation for a council retreat with outside consultant to provide presentation on budget process; schedule retreat to allow individuals running for election to attend*)
- ✓ Where is the break between policymaking and micromanaging? (SEE Operation)
- ✓ Operational restructuring – Jordan Mason (SEE Operation)
- ✓ City Attorney's Office (SEE Operation)

Staff:

- ✓ Moratorium on filling vacancies (*continued to 4/25/11 meeting*)
- ✓ Across the board cuts (*1/24/11: Acknowledge item*)
- ✓ Minimize spending w/ minimal loss to maximize services (*2/28/11: Acknowledged item*)
- ✓ Bring Department Director to the table when people are hired (*3/28/11: no discussion*)
- ✓ Where is the break between policymaking and micromanaging? (SEE Operation)
- ✓ Hiring moratorium (*2/28/11: Acknowledge item*)
- ✓ City Attorney's Office (SEE Operation)
- ✓ Facility/Energy Position – Bill Waugh (*3/28/11: See On-going fund for upgrade and maintenance of all city facilities – continued to 4/25/11 meeting*)

Income:

- ✓ Sales tax revenues (*3/28/11: reviewed actual revenues, conservative approach to 2012 budget, impact of no growth budget on city services, continued discussion on revenues and debt encouraged*)
- ✓ Enterprise fund income statements (*continued to 4/25/11 meeting*)
- ✓ Use of enterprise funds by other city departments (SEE Operation)
- Discussion of possible \$767,000 budget deficit – Sam Kooiker

Debt:

- Look at total loans to possibly consolidate and refinance/loan consolidation
- How we manage our finances
- Debt management – Jordan Mason

Items Continued from the March 28, 2011 meeting

- Establish an on-going fund for the upgrade and maintenance of all city facilities (*request staff to identify the City's capital outlay accumulation limits as defined by State statute and to identify the amount of funding currently held in contingency and cash reserve accounts and their corresponding relationship to the State statute restrictions*)
- City Attorney's Office (*update on research of consulting firms to conduct Lehe type report on City Attorney's Office and the Public Works Department*)
- Moratorium on filling vacancies (*provide current report of vacancies, including length each position has been vacant*)
- Enterprise fund income statements (*update on project progress, anticipate presentation within 30 days*)

Items Acted Upon

- ❖ Purchase equipment 4360 – Streets (motion filed to fund from undesignated cash 9/27/10 Council meeting)
- ❖ Cut Community Resource Director position – around \$107,000 (motion failed 9/27/10 Council meeting)
- ❖ Mayor's Office temporary wages \$15,000 (motion approved 9/27/10 Council meeting)
- ❖ Cut Mayor & Council travel (motion to cut Council travel approved; motion to cut Mayor travel failed 9/27/10 Council meeting)
- ❖ Reappropriation of \$11,500 for the Dahl management fee (motion approved 9/27/10 Council meeting)

- ❖ Grade 22 and above salaries (Discussion acknowledge at 12/20/10 Council)
- ❖ Council leadership and Mayor to evaluate the Community Resource Director position
- ❖ Review of the prior budget meeting minutes to insure that all issues discussed are included on the list of discussion topics

Information has been provided regarding these Items

- ❖ Actual 2009 sales tax revenue \$19,084,029
- ❖ Actual 2009 property tax revenue \$12,099,832
- ❖ 2009 TIF funds diverted from the City \$1,124,201
- ❖ Total TIF/TID property tax collected \$6,245,565
- ❖ Amount of property tax for growth \$148,372

City of Rapid City
Capital Accumulations
As of Dec 31, 2010

Governmental Funds Only

Capital Outlay Accumulations - SDCL 9-21-14.1

2010 Assessed Valuation 4,250,674,264

Max is \$4.00/\$1,000 17,002,697

Capital Replacement Reserve - SDCL 9-21-31

max is 50% of general fixed assets 114,359,187

Enterprise Funds

Depreciation Reserve Funds - SDCL 9-21-12

Accumulated Depreciation for that fund

Water	37,922,383
Sewer	25,717,904
Airport	36,758,218
Cemetery	462,646
Transportation Center	441,625
PL&A	889,384
SW Collection	1,847,597
Golf	1,596,763
Executive Golf	759,875
SW Disposal	1,966,292
SW MRF/Compost	5,472,337
Ambulance	434,812
Civic Center	20,522,983
Energy Plant	481,837

City of Rapid City
Contingency Funds
Budget Year 2011

	General Fund	CIP	Community Development	Total
Re-Entry Program	108,790			108,790
Subsidies	200,000			200,000
Mayor & Council	200,000			200,000
		350,000		350,000
			400,000	400,000
	<hr/>			
	508,790	350,000	400,000	1,258,790

City of Rapid City
 Designated Reserve Funds
 For the Year 2011

General Fund	15% of estimated revenue	6,198,822
Airport*		500,000
Ambulance	goal is to have undesignated cash as close to \$1 million as possible	
Civic Center	Board set goal	650,000
Public Works	Water/Sewer/Garbage - reserve goals are to cover planned capital improvement projects and allow 90 days operating expenses	
Golf Course	the development fund is used as a reserve fund but typically is used to cover water at LaCroix Links and the losses at Executive	

*The Airport also has a Capital Improvement Fund independent from the Enterprise Fund



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9-21-12. Authorization of depreciation reserve within proprietary fund. The governing body of a municipality may by resolution create a depreciation reserve within each proprietary fund, as necessary, not to exceed the accumulated depreciation of the fixed assets of the respective fund.

Source: SL 1951, ch 247, § 1; SDC Supp 1960, § 45.0201-1 (9); SL 1978, ch 62, § 8; SL 1991, ch 72.

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9-21-13. Purposes of depreciation or capital replacement reserves. The depreciation or the capital replacement reserves shall be used only to replace and repair equipment belonging to the municipality and may not be used for the acquisition of equipment which would represent a substantial expansion in the total amount of equipment belonging to the municipality. Equipment for the purposes of this section shall mean properties commonly considered as representing capital outlay rather than operating expense outlay and shall include municipally owned buildings and lands.

Source: SL 1951, ch 247, § 2; SDC Supp 1960, § 45.0201-1 (9); SL 1994, ch 69, § 2.

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9-21-14.1. Capital outlay accumulations authorized for municipalities--
Purposes included--Maximum accumulations. The governing body of a municipality may by resolution authorize the accumulation of funds for a period longer than one year for specific capital outlay purposes otherwise authorized by law. For the purpose of this section, "capital outlay purposes" means purposes which result in the acquisition of or additions to plant, or equipment, including but not limited to expenditures for land, existing facilities, improvement of grounds, construction of facilities, additions to facilities, remodeling of facilities, or for the purchase of equipment.

The maximum capital outlay accumulations shall be as follows:

- (1) In first-class municipalities, the amount of the accumulation for all purposes may never exceed an amount equivalent to four dollars per thousand dollars of assessed value of all property within the municipality;
- (2) In second-class municipalities, the amount of the accumulation for all purposes may never exceed an amount equivalent to ten dollars per thousand dollars of assessed value of all property within the municipality or one hundred twenty-five thousand dollars, whichever is greater;
- (3) In third-class municipalities, the amount of the accumulation may never exceed one hundred twenty-five thousand dollars.

Source: SL 1979, ch 55, § 1; SL 1980, ch 68, § 1; SL 1989, ch 75, § 1.

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9-21-14.2. Vote required for capital outlay accumulation--Time of expenditure--Reversion of unused funds. The resolution authorized by § 9-21-14.1 shall be enacted by a two-thirds vote of the governing body and shall set forth clearly the purposes for which the funds are to be accumulated and the maximum amount that may be accumulated. The funds to be accumulated shall be expended within sixty months from the date of the resolution. If the specific purposes for which the funds are accumulated are deemed no longer necessary, these funds shall revert to the general fund.

Source: SL 1979, ch 55, §§ 2, 4.

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9-21-31. Capital replacement reserve fund authorized. The governing body of a municipality may by ordinance create a capital replacement reserve fund or account for general fixed assets, not to exceed fifty percent of the value of the general fixed assets.

Source: SL 1994, ch 69, § 1.

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